



P.O. BOX 69, HEBER CITY, UTAH, 84032
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April 7, 1972

TO: All Directors

SUBJECT: S.B.A. Loan, meeting with Mr. Roy Simmons, President Zions 1st National Bank: April 4, 1972, Gordon Mendenhall and Lowe Ashton, Mr. Simmons and Mr. Noel Bennett, 10:00 A.M.

After presentation of our problem in acquiring a loan from First Security, Mr. Simmons agreed that Zions would handle the loan on the basis of whatever requirements that S.B.A. applied to the loan. It was felt that the money could be available within about a week to ten days.

He said that there should be some guarantees to comply with the regulations of S.B.A. which we were in agreement, but he also said that the guarantors should be entitled to some compensation for the additional risk, probably in the form of stock options. Lowe then explained the underwriters position on the options we had attempted, and that we had to cancel them to meet the underwriter conditions. Mr. Simmons then described a method that he felt would be satisfactory to all, including all old and new stockholders, and still give those management-guarantors some opportunity to compensate them for the additional risk:

Assuming that after the public offering was completed there would be 500,000 shares at \$1.00. If this were so, perhaps 50,000 shares could be held as option stock for the guarantors if the profits of the Company were equal to 20% of the original stock sales (or 20 cents per share). Only when this happened, could the guarantors exercise their option. In this manner, the guarantors-management must have profits generated adequate to assure all stockholders an earnings ratio adequate to have the price above their purchase price, and the dilution of the stock earnings from the exercise of the options would not dilute the stock earnings enough to upset them.

THE IRON HORSE TRAIL THROUGH THE ALPS OF UTAH

*Notes: Board meeting to be held
Thursday, 7:00 p.m. - Lowe's home.
To meet with Al Covey.*

4-12-72 Meeting at ambassador
Club 6:PM

Jack Lively -

1. Keep 1st issue & sell price
2. after market?
3. Who else is coming in with cos.
4. Small # shares out -
5. 520,000 Capital.
6. Better 300,000 @ \$100
7. ^{left} 600,000 outstanding
8. "Heber Creeper"
9. Limited Partnership - out
10. Sooner Public the better Climate.
11. Prince Corey vs - Wilson Davis
vs.

Amusement + Train +

16500
25000
415000

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